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Do Soviets control markets through eavesdropping?

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When Ronald Reagan recently displayed an aerial photo of the huge Soviet electronic eavesdropping facility in Lourdes, Cuba, as an example of the Soviet military threat in this hemisphere, he described it as "acres and acres of antenna fields and intelligence monitors" - the largest facility of its kind in the world - "targeted on key US military installations and sensitive activities."

Reagan said the 28 square-mile station, manned by 1500 Soviet technicians, "has grown by more than 60 percent in size and capability during the past decade."

The oblique reference to American commerce and finance - among other "sensitive activities" - is in line with current US policy of avoiding direct reference to Soviet eavesdropping on domestic US phone conversations. Yet, for at least five years, government and industry security specialists have assumed the Cuban base intercepts all international voice and data messages that reach the US by satellite - as well as the larger portion of domestic long-distance telephone calls, since more than half are now relayed by satellite.

The Soviet Union may have cashed in on this data. "I firmly believe the Soviet Union has for many years manipulated a lot of commercial markets in the world,"

declared Raymond Tate, former deputy director of the National Security Agency, our own American spy agency for electronic eavesdropping.

"That has nothing to do with national security in the military sense," said Tate, one-time chief cryptographer for the federal government. "They have a significant cash-flow problem. How do you make money in a cash-flow problem? You can turn your intelligence system around and use it to get all sorts of data you can actually use in commercial ventures, et cetera."

The Harvard University Program on Information Resources Policy last fall published a report on communication problems and national security that quoted some startling admissions by Tate and his former boss at the National Security Agency, retired Adm. Bobby Ray Inman.

Inman said the United States doesn't really know "whether the Soviets have used any of the information they've acquired by electronic surveillance to manipulate markets." But, said Inman: "There were allegations at the time of the grain deal of 1974" - when deftly timed purchases of US grain by Soviet buyers gutted the market and raised the price of American flour and bread - "and again during some pretty high-level Soviet activity in the sugar market."

"It is a fact that a lot of economic communications carrying that kind of information were probably accessible to them," said Inman, but he noted the many other sources of information in an open society. "They may well have used intelligence to manipulate those markets," he said. But, he added, there is "no direct evidence."

The problem of Soviet eavesdropping on US telecommunications was first publicly acknowl-

edged in the mid-1970s - but only after a rebellion by the President's Foreign Intelligence Advisory Board, a panel of top corporate executives and civilian scientists.

"The subject was virtually taboo for discussion even within the intelligence community" before the intelligence board got a secret briefing on it in 1974, recalled Lionel Olmer, director of international programs for Motorola Inc. and former executive secretary for the board.

The civilian board members - who then included Polaroid's Edwin Land and MIT's James Lillian among others - reacted bitterly to an apparent "gentlemen's agreement" that allowed the KGB to eavesdrop on AT&T, while the National Security Agency listened to Soviet telecommunications.

The American intelligence community was convinced it had to cover up for the Soviet spies to protect US electronic eavesdropping. The argument eventually focused on security technologies: computerized encryption systems and voice scramblers. If paranoid Americans began requiring such devices, paranoid foreigners would soon demand similar protections - which would greatly complicate the National Security Agency's mission.

"There was sufficient evidence to persuade the most reasonable of men that the government was not going to move on that issue," mused Motorola's Olmer. "It didn't want to move. It didn't want to